

SEPARATION OF CRITICAL DUTIES IN TRANSACTION CYCLES WITHIN A JUSTICE COURT USING CASELLE

The purpose of “**separation of duties**” is to ensure that no single individual is placed in such a circumstance that (s)he can cause and conceal errors and/or irregularities (or be vulnerable to others doing so), while performing regularly assigned duties. Three fundamental categories of duties must be separated:

1. Custody of assets
2. Authorization of transactions (including authorization to execute a transaction); and
3. Record keeping/accounting/reconciliation.

Critical duties are those duties which must be divided among employees to clearly establish accountability and to reduce opportunities for misuse of funds. Other *non-critical duties* may also occur in a given transaction cycle, but need not be addressed for the purpose of “separation of duties.”

Achieving a complete division of critical duties depends on the staff available in a court. A court with a small staff may have to allow some overlap of duties. In a larger court, overlap of duties may occur due to clerk absences. In each instance of overlap, court management needs to plan for an “External Review” of the documents and transactions that relate to that transaction cycle. The review needs to be done by an employee who is independent of that transaction cycle, at least quarterly, but monthly is preferred.

Adequate separation of duties would exist if only one employee performs the set of critical duties for any one category within the three fundamental categories of a transaction cycle. No employee should have control over all three categories of duties for a transaction cycle, either formally or informally.

Following are charts which outline and separate the critical duties in the court transaction cycles. The analysis is based on a court that has a sufficient number of staff to separate duties and uses the Caselle case management system.

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: HAND RECEIPT USE

DUTY 1: Custody of Asset	DUTY 2: Authorized to Use	DUTY 3: Record Keeping/Accounting
<p>Hand Receipt Custodian</p> <p>Secures the inventory of new and used hand receipt books. Distributes the hand receipt books to cashier clerk(s), one book per clerk. Maintains the Hand Receipt Log.</p>	<p>Cashier Clerk(s) <u>currently</u> assigned Hand Receipt Books</p> <p>Secures assigned hand receipt book. Issues hand receipts.</p>	<p>Hand Receipt Reconciler</p> <p>MONTHLY/QUARTERLY (monthly review provides better control): Account for the numerical sequence of assigned hand receipts by verifying that: 1) hand receipts issued during the review period were receipted on the system and deposited within three business days, 2) receipts voided were properly documented, and 3) receipts not used remain intact in the receipt book.</p>
Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

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Court: _____

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TRANSACTION CYCLE: CASH CHANGE FUND USE

DUTY 1: Custody of Assets	DUTY 2: Authorized Use	DUTY 3: Record Keeping/Accounting
<p>Cash Change Fund Custodian</p> <p>Delegates a portion of the local court Cash Change Fund to <i>Cashier Clerk(s)</i> to use in the receipting process. Retains a portion to make change for <i>Cashier Clerks</i> who run short of change.</p> <p>The custodian is responsible for any shortages or irregularities in accounting for the Cash Change Fund.</p> <p><i>The court should have one Cash Change Fund Custodian and an alternate.</i></p>	<p>Cashier Clerk(s) assigned a portion of the Cash Change Fund</p> <p>Authorized to use assigned portion of the local court Cash Change Fund to make change in the receipting process.</p> <p>The <i>Cashier Clerk</i> secures their portion of the Cash Change Fund in their locked cash drawer or other locked container during the day. The fund is kept overnight in the court safe or vault in a secure locking device, to which the <i>Cashier Clerk</i> holds the key (except for the 2nd key held in a dual control key box).</p> <p>Cashier Clerk(s) count and record their Cash Change Fund amount on the daily Cash Count Form.</p>	<p>Deposit Verifier/Preparer</p> <p>The Deposit Verifier/Preparer performs a verifying count of Cashier Clerk(s) receipts and Cash Change Fund in the presence of each Cashier. The Both the Cashier and the Verifier sign the Cash Count Form as accurate.</p> <p>This process documents that the Cashier Clerk's portion of the Cash Change Fund is intact. The Cashier Clerk gives the original Cash Count Form to the Accounting Clerk. The <i>Deposit Verifier/Preparer</i> takes custody of the Cashiers' receipts and prepares the revenue and trust deposit.</p>
Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned:

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Court: _____

Effective Date: _____

TRANSACTION CYCLE: MAIL PAYMENTS

DUTY 1: Record Keeping	DUTY 2: Record Keeping	DUTY 3: Custody of Assets	DUTY 4: Authorization and Custody of Assets	DUTY 5: Record Keeping/Accounting
Mail Log Preparer Records mail payments on the Daily Mail Log. <i>The Mail Log Preparer and Witness may work together to ensure all mail payments are recorded.</i>	Mail Log Witness Witnesses that all payments received by mail are recorded on the log.	Cashier Clerk(s) Who Receipt Mail payments If both the Mail Log Preparer and Witness sign the Mail Log attesting to the accuracy of the payments listed, either clerk can receipt mail payments on the computer.	Deposit Verifier/Preparer The <i>Deposit Verifier/Preparer</i> performs a verifying count of Cashier Clerk(s) receipts, including mail payments, and the Cash Change Fund in the presence of each Cashier. Both the Cashier and the Verifier sign the Cash Count Form as accurate. Verifies that the Cashier Clerk(s) receipts, including mail payments, agree with the amounts receipted per the daily receipt records for each Cashier. Prepares revenue and trust deposits.	Accounting Clerk Reconciles the mail log to the daily receipt records. Verifies that mail payments were receipted on the case management system within 3 business days: 1) to the same case, 2) in the same cash/check composition as recorded on the mail log.
Individual(s) assigned:	Individual(s)	Individual(s) assigned:	Individual(s) assigned:	Individual(s)

District: _____ **Court:** _____ **Effective Date:**_____

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____

Court: _____

Effective Date: _____

TRANSACTION CYCLE: *REVENUE/TRUST FUNDS*

DUTY 1: Record Keeping	DUTY 2: Custody of Assets	DUTY 3: Authorization and Custody of Assets	DUTY 4: Record Keeping/Accounting
<p>Accounts Receivable Set Up Clerk</p> <p>Sets up amounts due from judicial order or citation.</p> <p>A clerk other than a clerk with access or custody to money should enter citations or set up Accounts Receivables.</p>	<p>Cashier Clerk(s) receipting Revenue and Trust payments</p> <p>Receipts revenue and trust payments, and maintains funds in a secure device.</p> <p>Documents monies collected on a Cash Count Form and cash change fund, if assigned, at the end of the daily accounting period.</p>	<p>Deposit Verifier/Preparer</p> <p>The <i>Deposit Verifier/Preparer</i> performs a verifying count of Cashier Clerk(s) receipts, including mail payments, and the Cash Change Fund in the presence of each Cashier. Both the Cashier and the Verifier sign the Cash Count Form as accurate.</p> <p>Verifies that the Cashier Clerk(s) receipts submitted for deposit, including mail payments, agree with the amounts receipted per the daily receipt records for each Cashier.</p> <p>Prepares revenue and trust deposits.</p>	<p>Accounting Clerk</p> <p>Reconciles Cash Count Forms (including cash/check composition) to receipt records and the verified deposit receipt. (Receipt records include: 1) Payment Register, Receipt Register, and Payment Update Report generated from the <i>Cashier</i> module, and 2) yellow copy hand receipts, if any hand receipts were issued.)</p> <p>Reconciles Payment Register, Receipt Register and Payment Update Report generated from the <i>Cashier</i> module to the Collections Summary Report and Payment Register generated from the <i>Court</i> module.</p> <p>Reviews credits, dismissals, adjustments, and void transactions to verify the transaction was valid and supporting documentation exists, e.g. judicial order or proof of compliance.</p>
Individual(s)	Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

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Court: _____

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TRANSACTION CYCLE: *DISBURSEMENTS (CHECKS ISSUED BY THE LOCAL GOVERNMENT)*

DUTY 1: Record Keeping/Accounting	DUTY 2: Authorization	DUTY 3: Custody of Assets	DUTY 3: Reconciliation
<p>Disbursement Request Preparer</p> <p>Prepares disbursement request based on judicial order or other circumstances (e.g. refund of overpayment). Attaches supporting documentation (e.g. judicial order or docket sheet showing the overpayment) to show that the disbursement is valid.</p> <p>Records disbursement request on the Disbursements Journal.</p> <p>Presents disbursement request to a second person for review and authorization.</p>	<p>Disbursement Approval</p> <p>Disbursement is authorized by judicial order (e.g. cash bail refund or court-ordered restitution paid through the court), or by circumstances (e.g. refund of overpayment),</p> <p>A second person (one who did not prepare the disbursement request) reviews the disbursement request and supporting documentation (e.g. judicial order or docket sheet showing the overpayment) to verify the disbursement is proper and valid.</p> <p>The second-person reviewer signs the disbursement request to show that the request was reviewed and authorized.</p>	<p>Check Writer, Check Signer, and Check Mailer (Performed by the Local Government)</p> <p>Checks are prepared, signed, and mailed by the local government. A copy of the check is forwarded to the Disbursement Reconciler at the court.</p> <p>Note: If a check is returned to the court as undeliverable, and the payer cannot be located, the check should be forwarded to the local government to be remitted to Unclaimed Property Division after the statutory period. (Per UCA 67-4a, Unclaimed Property Act) If a check is returned: 1) the check needs to be safeguarded (recorded on a mail log to show receipt and stored in a locking cash bag), and 2) the events needs to be documented in the case docket.</p>	<p>Disbursement Reconciler</p> <p>Records the check number (per the check copy provided by the local government) on the Disbursements Journal for each disbursement requested.</p> <p>At least monthly, reconciles disbursements per the Disbursements Journal to the court accounts in the general ledger (e.g. bail, restitution, overpayments, etc.) Verifies that a check was issued for each disbursement requested. Also verifies that disbursements per the ledger accounts are valid and recorded on the disbursements journal.</p> <p>At least quarterly, reviews cash bail held in trust per the Outstanding Cash Bail Report to ensure funds are held properly and applied/disbursed timely.</p>
Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned:

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Court: _____

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TRANSACTION CYCLE: JUROR/WITNESS PAYMENTS USING PAYMENT VOUCHERS PROVIDED BY THE LOCAL GOVERNMENT

Duty 1: Custody of Assets	DUTY 2: Authorization	DUTY 3: Authorized Use	DUTY 4: Record Keeping/Accounting
<p>Juror/Witness Payment Voucher Custodian</p> <p>Secures inventory of payment voucher books in the court safe when not in use. On court days, distributes payment voucher books to in-court clerks.</p> <p>Monitors use of books: 1) Reviews yellow-copy vouchers before routing to the local government to ensure a valid subpoena is attached and the payment was proper. 2) Accounts for unused payment vouchers to ensure all copies are intact.</p>	<p>Payment Approval</p> <p>The prosecutor authorizes the payment of juror/witness fees per UCA 78-46-31(2).</p> <p>The subpoena signed by the prosecutor serves as authorization for payment.</p>	<p>Voucher Issuer</p> <p>Upon a subpoena signed by the prosecutor, the in-court clerk issues a payment voucher to the juror/witness.</p> <p>The white copy of the voucher is given to the juror/witness, who takes it to the local government treasurer where it is signed and presented for payment. The yellow copy is routed by the court to the local government treasurer with the signed subpoena. The pink copy stays in the voucher book.</p>	<p>Juror/Witness Payments Reconciler (Performed by the Local Government)</p> <p>Treasurer's office employee reconciles the white payment voucher presented by the juror/witness to the yellow copy routed from court with the subpoena attached. The white and yellow copies are compared to ensure the two agree.</p>
	Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court: _____ Effective Date: _____

TRANSACTION CYCLE: *ACCOUNTS RECEIVABLE MONITORING*

DUTY 1: Record Keeping	DUTY 2: Custody of Assets	DUTY 3: Authorization
<p>Accounts Receivable Set Up Clerk</p> <p>Enters citations and sets up amounts due from judicial order.</p> <p>A clerk other than a clerk with access or custody to money should enter citations or set up Accounts Receivables.</p>	<p>Cashier Clerk(s) receipting Revenue/Trust payments on <u>past due</u> accounts</p> <p>Receipts revenue and trust payments, including payments on <u>past due</u> accounts, and maintains funds in a secure device.</p>	<p>Clerk monitoring past due accounts</p> <p>Actively collects on past due receivables. Generates and reviews the Follow-up, Delinquent, and Docket Aging Reports. Sends delinquent letters. Refers cases to the prosecutor per CJA 4-703 and the judge for action.</p>
Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____